

## Message Text

PAGE 01 NATO 04936 01 OF 02 130702Z

21

ACTION EUR-25

INFO OCT-01 EA-11 ISO-00 NSCE-00 CIAE-00 DODE-00 PM-07

H-03 INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01

SP-03 SS-20 USIA-15 AID-20 EB-11 CIEP-03 TRSE-00

STR-08 OMB-01 CEA-02 SAJ-01 NIC-01 SAM-01 COME-00

SWF-02 SPM-01 XMB-07 AGR-20 CU-05 DRC-01 /196 W

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R 121930Z SEP 74

FM USMISSION NATO

TO SECSTATE WASHDC 7540

INFO AMCONGEN HONG KONG

USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 USNATO 4936

E.O. 11652: GDS

TAGS: ECON, CH, NATO

SUBJECT: ECONADS: REPORT ON ECONOMY OF THE PRC

REF: A. STATE 192368

B. USNATO 4777

1. ECONOMIC DIRECTOIAE STILL IN PROCESS OF REWRITING REPORT ON  
ECONOMY OF PRC (AC/127-WP/404) TAKING INTO CONSIDERATION REVISIONS  
SUGGESTED BY US (REF A). BEFORE REPORT FOR TRANSMISSION TO THE NAC,  
ECONADS AGREED TO SEEK VIEWS FROM CAPITALS AS TO WHETHER PAPER ON CHI  
NESE

POPULATION-FOOD BALANCE TABLED BY UK REP AT MEETING (PARA 3 BELOW)  
ALTERS CONCLUSIONS OF STUDY.

2. ACTION REQUESTED. DEPARTMENT'S COMMENTS BY SEPTEMBER 19 ON UK PAPER.

3. QTE.

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PAGE 02 NATO 04936 01 OF 02 130702Z

4. CHINA: POPULATION AND FOOD BALANCE

INTRODUCTION

THE CHINESE HAVE CLAIMED RECENTLY BOTH IN OFFICIAL STATEMENTS

AND IN THE PRESS, THAT SINCE THE COMMUNIST REGIME CAME TO POWER IN 1949 IT HAS ACHIEVED A RATE OF INCREASE IN GRAIN PRODUCTION-4 PERCENT PER ANNUM

-- WELL IN EXCESS OF THE POPULATION GROWTH WHICH IS PUT AT 2 PERCENT, A YEAR, AND THAT BIRTH-CONTROL MEASURES HAVE BEEN USED TO ENSURE A PLANNED INCREASE RATHER THAN AS A RESPONSE TO OVER-POPULATION. THE IMPLICATION BEHIND THIS CLAIM, WHICH IS BASED ON INCREASES IN POPULATION FROM "OVER 500 MILLION" TO "OVER 700 MILLION" AND IN GRAIN PRODUCTION FROM 110 MILLION TONNES TO 240 MILLION TONNES BY THE END OF THE 1972, IS THAT FOOD SUPPLY IS OUTSTRIPPING POPULATION AND THAT MORE FOOD IS AVAILABLE FOR CONSUMPTION. IF TRUE, THIS WOULD MEAN THAT CHINA HAS SUCCEEDED WHERE OTHER COUNTRIES HAVE FAILED IN STRIKING A SATISFACTORY POPULATION AND FOOD BALANCE. A CLOSER EXAMINATION OF THESE FIGURES, HOWEVER, CASTS SERIOUS DOUBT ON THESE CLAIMS AND SUGGEST THAT THE CHINESE GOVERNMENT ARE FACED WITH SERIOUS PROBLEMS WHICH MUST BE SOLVED IN THE NEAR FUTURE IF CHINA IS TO CONTINUE HER PROGRESS TOWARDS BECOMING A MAJOR ECONOMIC POWER.

#### POPULATION AND BIRTH CONTROL

THE POPULATION FIGURES QUOTED BY THE CHINESE ARE NO CONSISTENT WITH CLAIMS MADE BY THEM AT OTHER TIMES. VARIOUS OFFICIAL CHINESE STATEMENTS HAVE PLACED THE POPULATION BETWEEN 750 AND 825 MILLION IN 1971, AND THE NEW CHINA NEWS AGENCY IN SEPTEMBER 1973 STATED THAT THE POPULATION WAS 50 PERCENT HIGHER THAN 1949, WHICH GIVE A 1972 FIGURE OF ABOUT 825 MILLION. THE OFFICIAL CHINESE FIGURE FOR 1957 WAS 646.6 MILLION: SINCE THEN EVIDENCE INDICATES A GROWTH RATE OF 2 PERCENT PER ANNUM WHICH IF PROJECTED TO 1972 AT A 1.9-2 PERCENT GROWTH RATE GIVES A POPULATION OF 837-867 MILLION. ALL THESE ESTIMATES WHILE COVERED BY THE STATEMENT "OVER 700 MILLION" ARE SO MUCH HIGHER AS TO RENDER IT MEANINGLESS. GIVEN THAT THE LIKELY

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PAGE 03 NATO 04936 01 OF 02 130702Z

POPULATION FIGURE IN 1972 WAS 867 MILLION, IT IS EASIER TO UNDERSTAND THE CONCERTED EFFORTS TO ACHIEVE AN EFFECTIVE BIRTH CONTROL CAMPAIGN IN EVIDENCE IN CHINA SINCE THE END OF THE CULTURAL REVOLUTION AND WHICH HAS RECEIVED INCREASING ATTENTION IN 1973.

CHINA'S EARLIER BIRTH-CONTROL CAMPAIGNS, PRINCIPALLY THOSE IN 1954-56 AND IN THE MID-1960S, WERE DISRUPTED BY OTHER MAJOR MOVEMENTS I.E. THE GREAT LEAP FORWARD AND THE CULTURAL REVOLUTION. LIMITED SUCCESS WAS ACHIEVED IN URBAN AREAS, BUT IN RURAL AREAS, WHICH CONTAIN ABOUT 85 PERCENT OF THE POPULATION, THE EFFECT OF THE CAMPAIGNS WAS NEGLIGIBLE. THE IMPROVED MEDICAL SERVICES AVAILABLE IN CHINA SINCE 1949, ESPECIALLY IN THE RURAL AREAS, HAVE ASSURED A FAIRLY DRASTIC DROP IN DEATH RATE, FROM 18 PER THOUSAND IN 1949 TO 7.6 PER THOUSAND IN 1972, WHICH SEEMS SURPRISINGLY LOW AND MAY WELL BE EXAGGERATED. A COMPREHENSIVE BIRTH CONTROL PROGRAMME IS ESSENTIAL IF THE POPULATION GROWTH

RATE IS NOT TO INCREASE AT AN UNCONSCIONABLE RATE, AND THE POSITION IS EXACERBATED BY THE FACT THAT AT PRESENT OVER HALF THE POPULATION IS ESTIMATED TO BE UNDER 24.

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PAGE 01 NATO 04936 02 OF 02 130714Z

21

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C O N F I D E N T I A L SECTION 2 OF 2 USNATO 4936

THE CURRENT BIRTH-CONTROL CAMPAIGN WHICH STARTED IN 1970 AND SEEMS TO BE GAINING INCREASING MOMENTUM, UNDER THE AUSPICES OF A NEW BODY UNDER THE STATE COUNCIL, THE OFFICE FOR PLANNED BIRTH, IS BEING PURSUED MUCH MORE VIGOROUSLY THAN THE EARLIER CAMPAIGNS, ALTHOUGH THERE SEEMS TO BE VARYING DEGREES OF APPLICATION IN THE PROVINCES REFLECTING UNCERTAINTY AS TO HOW FAR THE CAMPAIGN SHOULD BE PURSUED. THE CAMPAIGN HAS CONCENTRATED ON THE ENCOURAGEMENT OF LATE MARRIAGES FOR MEN AT 28 AND WOMEN AT 25 AT LEAST, TO INCREASE THE GENERATION GAP FROM 20 TO 30 YEARS, AND THERE IS PRESSURE ON COUPLES TO LIMIT THE NUMBER OF CHILDREN TO A MAXIMUM OF TWO IN URBAN AREAS AND THREE IN RURAL AREAS. THE EXTENSIVE PROPAGANDA CAMPAIGN TO SUPPORT THESE MEASURES, THE USE OF RURAL MEDICAL WORKERS TO ENCOURAGE AND EDUCATE THE PEASANTS IN BIRTH CONTROL, THE WIDESPREAD AVAILABILITY OF CONTRACEPTIVES, AND OFFICIAL ENCOURAGEMENT OF WOMEN TO UNDERGO VOLUNTARY STERILISATION AND THE EASY AVAILABILITY OF VOLUNTARY ABORTION OPERATIONS, ARE BEING VIGOROUSLY PURSUED. HOWEVER, ACCORDING TO OFFICIAL CLAIMS, ONLY 10 MILLION WOMEN THROUGHOUT CHINA USE THE PILL. A PARALLEL CAMPAIGN IS BEING WAGED, IN SOME

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PAGE 02 NATO 04936 02 OF 02 130714Z

PROVINCES, OF DETERRENT MEASURES SUCH AS WITHHOLDING MATERNITY

LEAVE AND SUPPLEMENTARY RATIONS AFTER THE FIRST TWO CHILDREN, AND REFUSAL TO ISSUE MARRIAGE CERTIFICATES OR PROVIDING HOUSING FOR COUPLES

WHO WISH TO MARRY BEFORE THE RECOMMENDED AGES. THE POLICY TO REDUCE POPULATION GROWTH HAS BEEN QUITE SUCCESSFUL IN URBAN AREAS WHERE BIRTH-CONTROL MEASURES ARE REPORTEDLY PRACTISED BY ABOUT 65 PER CENT OF THE POPULATION; IN RURAL AREAS, HOWEVER, THE CAMPAIGN STILL MEETS WITH RESISTANCE, AND IMPLEMENTATION DEPENDS ON COERCION RATHER THAN MOTIVATION, AND BIRTH-CONTROL MEASURES ARE REPORTED TO BE PRACTISED BY ONLY 30 PER CENT OF THE POPULATION, IGNORANCE AND TRADITION BEING INHIBITING FACTORS.

#### FOOD SUPPLY AND RATIONS

THE PRESSURE OF THE RURAL POPULATION ON THE AVAILABLE ARABLE LAND IS ALREADY INTENSE AND WOULD INCREASE DRASTICALLY WITH UNREALISTIC POPULATION GROWTH. THE COMPETING DEMANDS ON THE AVAILABLE LAND FOR, ON THE ONE HAND, FOOD AND ON THE OTHER, PRODUCE FOR EXPORTS,(1) DETERMINE THAT POPULATION GROWTH MUST BE RESTRAINED SO THAT FOOD PRODUCTION WILL NOT HAVE TO TAKE A LARGER SHARE OF THE ARABLE LAND. PRODUCTION FROM THE LAND CURRENTLY PLANTED TO FOOD CROPS CAN BE INCREASED BY THE USE OF SEEDS OF IMPROVED YIELD, FAR GREATER AMOUNTS OF FERTILISER, BETTER IRRIGATION AND WATER STORAGE SCHEMES, ALL OF WHICH WOULD ENABLE FOOD SUPPLY TO BE INCREASED TO COPE WITH A CONTROLLED POPULATION EXPANSION.

USING CHINESE OFFICIAL STATISTICS FOR GRAIN PRODUCTION AND THE POPULATION ESTIMATED, IT IS CALCULATED THAT CHINA'S GRAIN OUTPUT PER HEAD HAS REMAINED BASICALLY STATIC SINCE 1957 AND EVEN DECLINED IN 1972 AFTER A BAD HARVEST:

	POPULATION	GRAIN PRODUCTION	OUTPUT PER CAPITA
1957	647 MILLION	185 MILLION TONNES	286.1 KG.
1972	867 MILLION	240 MILLION TONNES	275.6 KG.

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1972	...	...	867 MILLION	240 MILLION TONNES	275.6 KG.

SEED, LOSSES IN MILLING AND STORAGE, ANIMAL FEED, RESERVES, INDUSTRIAL USE AND EXPORTS ACCOUNT FOR ABOUT 20 PERCENT OF THE TOTAL, BUT SOME ESTIMATES PLACE IT AS HIGH AS 30 PER CENT. IN 1972, WITH A CONFIDENTIAL

PAGE 03 NATO 04936 02 OF 02 130714Z

HARVEST OF 240 MILLION TONNES, THIS WOULD HAVE GIVEN AN AVAILABILITY OF GRAIN OF 178-192 MILLION TONNES. CHINA ALSO IMPORTED 4.6 MILLION TONNES OF GRAIN IN 1972 REPORTEDLY TO OFFSET PROBLEMS IN THE DISTRIBUTION OF GRAIN, AS THE IMPORTED GRAIN IS USED TO FEED THE URBAN POPULATIONS NEAR THE COAST, SUCH AS TIENTSIN.

RATION LEVELS VARY IN CHINA FROM RURAL TO URBAN AREAS, AND IN DIFFERENT AGE GROUPS AND OCCUPATIONS. THE AVERAGE MONTHLY RATION IS 16-17 1/2 KG.

WITH AN ANNUAL RATION NEED OF 166-182 MILLION TONNES, AND  
WITH AN AVAILABILITY OF GRAIN BETWEEN 182.5-196.5 MILLION TONNES.  
HOWEVER, INCREASED EMPHASIS ON STORING GRAIN IN THE RURAL AREAS  
IN PREPARATION FOR EMERGENCIES WOULD FURTHER REDUCE THE AMOUNT AVAIL-  
ABLE. CHINA'S POOR HARVEST IN 1972, THE FIRST FOR 11 YEARS, ACCEN-  
TUATED THE PERSISTING NARROW FOOD POPULATION BALANCE AND PROBABLE  
DID MUCH TO PERSUADE THE GOVERNMENT TO STEP UP BIRTH-CONTROL MEASURES.

THEIR IMMEDIATE REACTION WAS TO CUT RATIONS IN EARLY 1973 BY  
ABOUT 6 PER CENT IN SOME PLACES, AND TO INCREASE HER IMPORTS IN 1973  
TO OVER 7.5 MILLION TONNES OF GRAIN, AND CHOU EN-LAI ADMITTED THAT  
IT HAD ALSO BEEN NECESSARY TO DRAW UPON THE GRAIN RESERVES WHICH  
HE HAD SAID IN 1970 AMOUNTED TO 40 MILLION TONNES.

#### PROSPECTS

ALL THE INDICATIONS ARE THAT CHINA'S FOOD POPULATION BALANCE  
RAMAINS CRITICAL DESPITE 20 YEARS OF EFFORT (ALBEIT INTERMITTENT  
IN THE FIELD OF POPULATION CONTROL) AND THERE SEEMS LITTLE  
PROSPECT OF MUCH CHANGE IN THIS SITUATION IN THE NEAR FUTURE.  
CHINA NEEDS TO ACHIEVE SUCCESS IN BIRTH CONTROL AND GRAIN PRODUCTION  
INITIALLY NOT SO MUCH TO INCREASE GRAIN CONSUMPTION PER HEAD BUT TO  
PREVENT A DECLINE, APPARENT OVER THE LAST DECADE FROM CONTINUING.  
CHINA IS POTENTIALLY IN A POSITION TO BENEFIT FROM THE GREEN  
REVOLUTION WHICH HAS DONE SO MUCH FOR OTHER ASIAN COUNTRIES., AND  
WOULD PERHAPS DRAMATICALLY REVERSE THIS TREND IN THE NEXT DECADE, BUT  
AN EFFECTIVE BIRTH CONTROL PROGRAMME WILL BE ESSENTIAL TO AVOID  
NEGATING ANY INCREASES IN GRAIN PRODUCTION WITH MASSIVE POPULATION  
GROWTH. IF THE PRESENT BIRTH CONTROL PROGRAMME DOES NOT  
FALL FOUL OF POLITICAL CAMPAIGNS AS HAVE SO MANY OTHERS IN  
THE PAST, AND IF IT CAN BE PURSUED VIGOROUSLY AND EXTENSIVELY,  
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PAGE 04 NATO 04936 02 OF 02 130714Z

THE PROSPECTS IN GRAIN PRODUCTION INDICATE A GRADUAL IMPROVEMENT IN  
THE POPULATION FOOD BALANCE. MUCH WILL DEPEND ON THE DETERMINATION  
AND PRACTICALITY OF SUCCESSIVE GOVERNMENTS, BUT IF A FREE-FOR-ALL  
IN POPULATION SHOULD RETURN, THE LONG TERM PROSPECTS WILL  
CERTAINLY BE BLEAK.

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(1) PRODUCTS OF AGRICULTURAL ORIGIN PROVIDE UP TO 75 PER  
CENT OF CHINA'S TOTAL EXPORTS.  
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UNQUOTE.  
RUMSFELD

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 11 JUN 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 SEP 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** garlanwa  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974ATO04936  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** n/a  
**From:** NATO  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19740988/abbryxcd.tel  
**Line Count:** 267  
**Locator:** TEXT ON-LINE  
**Office:** n/a  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** A. STATE 192368 B. USNATO 4777  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** garlanwa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 JUL 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25-Jul-2001 by reddocgw>; APPROVED <04-Oct-2002 by garlanwa>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** ECONADS: REPORT ON ECONOMY OF THE PRC  
**TAGS:** ECON, CH, NATO  
**To:** STATE INFO AMCONGEN HONG KONG  
PEKING  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005